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SUBJECT: MEDIA REACTION: U.S.-CHINA NAVAL CONFRONTATION, U.S.  
ECONOMIC SITUATION

11. Summary: Taiwan's major Chinese-language dailies focused March 21-23 news coverage on cross-Straits relations and Taiwan's bid to become an observer in the World Health Assembly in May; on Taiwan's economic situation; and on the controversy caused by the alleged anti-Taiwan remarks by a Toronto-based Government Information Office official. In terms of editorials and commentaries, a column in the conservative, pro-unification, English-language "China Post" discussed the recent naval confrontation between the United States and China in the South China Sea. The article said "the best option open to Washington is to weaken the leadership role of the PRC, whose PLA Navy is posing a threat to the security of the ASEAN countries." A separate "China Post" editorial criticized the way the Obama administration is handling the financial storm. The article said "Obama's top economic team is not up to the job of steering America out of this mess. They've failed to engineer a bailout plan with performance guidelines and provisions for transparency." End summary.

## 12. U.S.-China Naval Confrontation

"The Truth about the South China Sea"

Columnist Joe Hung wrote in the conservative, pro-unification, English-language "China Post" [circulation: 30,000] (3/23):

"... What's behind this incident in the South China Sea? One thing is certain: The incident occurred because the U.S. is gathering information on the new thrust of China's naval power to its 'first island chain,' which includes Taiwan and all the small archipelagoes in the South China Sea, under whose waters are rich oil reserves. The People's Liberation Army (PLA) is boosting its first island chain defense to back up its leading role in an emerging Asian free trade zone. The PLA Navy is setting up China's largest submarine base on Hainan Island and planning to build an aircraft carrier. It is developing a blue-water navy. Intelligence gathering in the South China Sea is a must for the U.S. Navy. As a matter of fact, the U.S. had surveyed the waters around Taiwan exhaustively again not long before the Impeccable met with the hostile Chinese boats. ...

"Obama needs a rapport with the PRC, particularly at a time Chinese help is needed to cope with the global economic crisis, triggered by the U.S. financial meltdown. The U.S. is bitterly offended because it is excluded from the Asian free trade sphere -- the ASEAN-plus-One scheduled to come into being on next January 1, and the ASEAN-plus-Three by 2015 (the zone includes all ten members of the Association of Southeast Asian Nations (ASEAN) and the PRC, known also as the Ten-plus-One. The other two in the ASEAN-plus-Three are Japan and South Korea). As the situation now stands, the best option open to Washington is to weaken the leadership role of the PRC, whose PLA Navy is posing a threat to the security of the ASEAN countries. If Manila seeks U.S., all other ASEAN member states, Vietnam and Indonesia in particular, will follow suit. The U. S. may revive a SEATO (Southeast Asian Treaty Organization) and reestablish its strong military presence, which contributes in no small measure to the defense of vital U.S.

economic interests in the region. What started as a test of Obama's future China policy led up to the sea incident by accident, which is being followed up by the U.S. initiative to reassert its leadership role in Southeast Asia."

### 13. U.S. Economic Situation

"A+ for Rhetoric, D+ for Execution"

The conservative, pro-unification, English-language "China Post" [circulation: 30,000] editorialized (3/21):

"The global financial storm sweeping the world is inflicting heavy casualties on developed and developing countries alike. The United States, in particular, has been hit hard by a double whammy of financial pinch and political wrangling. President Barack Obama is facing a political Katrina of his own. The hurricane is cutting short his political honeymoon, and here's why: Seat of the pants governance. AIG has received US\$173 billion in bailout funds since last September when Hank Paulson, George Bush's treasury secretary, insisted on 'unconditional' rescue of many bankrupt financial institutions with a US\$800 billion rescue fund called Troubled Assets Rescue Package (TARP). Since then, however, the U.S. government's pay-now-ask-later attitude has made it painfully clear that there is no plan. ... What message is Obama's administration sending to the U.S. public? With February's unemployment rate hitting 8.1% and banks still as unwilling to lend as when this crisis started, it's obvious that the economy is still in the ICU. Up to this point, Americans have seen a lot of their tax dollars spent with little tangible results, except to directly fill the wallets of a few executives.

"Americans would probably respect the Obama team a bit more if it

owned up to the fact that it was inept in handling the recovery plan. Instead, Obama defended Mr. Geithner as 'making all the right moves in terms of playing a bad hand' and made AIG the scapegoat for its 'recklessness and greed.' He vowed to 'pursue every single legal avenue to block those bonuses,' which are but empty words. It's quite alarming that the Obama administration is still tiptoeing around the core issue. Liddy and Geithner, had they had the will and aptitude to do so, could have placed usage conditions on taxpayer money. For example, without government funding, AIG would have gone under. Under bankruptcy law, can executives sue for missed compensation? Don't be silly. Once AIG received government money it was an end to business as usual. First class passengers should not expect champagne and a warm towel after their plane goes down and they're all floating on a life raft. The truth seems plenty clear. Obama's top economic team is not up to the job of steering America out of this mess. They've failed to engineer a bailout plan with performance guidelines and provisions for transparency. ...

"A man of charisma with gifted oratory abilities, President Obama should stop believing that hopeful rhetoric alone will get the job done. Five and a half million Americans are unemployed. The Fed, if it keeps pumping money into the economy in a hopeless effort to grease lending, runs the risk of stoking stagflation, a scary scenario of inflation without growth. Obama is expected by many of his countrymen to be a 21st century F.D.R. by restoring America's greatness from the ruins wrought by his predecessor. He still has a chance to become a great American president. So far, however, his performance is disappointing and the euphoria is evaporating. It's trite to say every crisis is an opportunity, but now is the moment for him to tackle the crisis with toughness."

YOUNG